

# At a glance

## 1998 highlights

- William J. Henderson, a 26-year veteran of the Postal Service and former Chief Operating Officer, named the 71st Postmaster General of the United States in May 1998
- Achieved fourth consecutive year of positive net income, reporting an operating surplus of \$550 million for 1998
- 1998 mail volume of 198 billion pieces represents a 3.7 percent increase over 1997 levels
- Achieved 15th consecutive quarter of service improvement for local First-Class Mail, rounding out 1998 with a 93 percent on-time delivery score
- Reduced debt from \$9.9 billion in 1992 to \$6.4 billion in 1998
- Held rates steady for four consecutive years and delayed rate increase until January 1999, in effect delivering an \$800 million dividend to the American people
- Launched Celebrate The Century stamp program, which lets Americans vote for stamp subjects for the first time

## Getting high marks

In 1998, The Pew Research Center for the People & The Press, an independent opinion research group, reported that nine out of ten Americans give the U.S. Postal Service the highest favorability rating of any federal agency. The 89 percent favorability rating was a marked improvement from a 1987 rating of 76 percent. According to a 1998 Roper Survey, more than three out of four Americans—78 percent—have a highly or moderately favorable opinion of the Postal Service, putting us at the head of the list of 15 federal agencies.

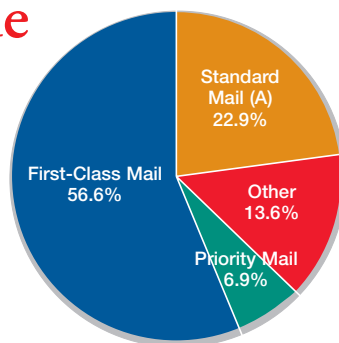


## The great American value

For four years, the Postal Service has held rates steady. On January 10, 1999, a rate increase averaging 2.9 percent across all types of mail took effect—the lowest in postal history. The price of a First-Class stamp went up one cent to 33 cents. By holding rate increases below inflation, we have effectively reduced the real cost of a stamp by 7 percent since 1991. The additional ounce rate for First-Class Mail was reduced by a penny.

## Sources of revenue

In 1998, 86 percent of all U.S. Postal Service revenue came from three types of mail: First-Class Mail, Standard Mail (A), and Priority Mail.



## A tradition of delivering value

**1775**  
Continental Congress names Benjamin Franklin first Postmaster General



**1847** First postage stamps



**1860**  
Mail delivery via Pony Express



**1863**  
Free city delivery and uniform postage rates established

**1873**  
First penny postal card



**1896**  
Rural free delivery begins



**1918** Airmail begins



**1927**  
International airmail begins





## Customer-focused

The Postal Service's management system, called *CustomerPerfect!*, is now in its fourth year. Each year we improve on our understanding of our customers' needs and how we can make that understanding a part of every employee's job. We listen to our customers—and respond with innovations and service improvements. When our customers asked for more modern retail services, we refurbished hundreds of post office lobbies throughout the United States. When customers asked for

access to round-the-clock answers to postal questions—from a person not a machine—we made plans to build six National Service Centers to deliver 24-hour call-in service. In 1998, we finalized plans to complete this call center network. The second center, located in Kansas City, will serve customers in a 13-state area.

When customers asked us to accept credit cards at our post offices, we did. We now accept payment by credit and debit (ATM) cards at 38,000 retail outlets around the country. When our package delivery customers asked for service improvements, we responded by creating a new division—Expedited/Package Services—and streamlining delivery through a dedicated Priority Mail processing network.

In 1998, we signed a contract with The Gallup Organization to conduct independent surveys of customer satisfaction that will give us ongoing feedback on what our customers want and need. It's all part of our focus on the customer.

## The big picture

■ We deliver more than **650 million pieces of mail every day**, handling **41 percent of the world's mail volume**.

■ That job requires the services of more than **775,000 career employees**, making us the **nation's largest civilian employer**.

■ We operate more than **38,000 post offices** and have a fleet of more than **200,000 vehicles** to pick up, transport, and deliver the mail.

■ We use commercial airlines to carry **10.5 million pounds of mail a day**, making us the airlines' **biggest shipper**.

■ We deliver directly to **130 million addresses 6 days a week** and **7 million customers visit our post offices every day**.

## Using technology to add value

Technology plays an increasing role in mail sorting, distribution, processing, and delivery. With the approach of the new millennium, the Postal Service is systematically addressing the challenges posed by computer-related Year 2000 issues through a series of initiatives, representing expenditures of approximately \$500 to \$600 million. These initiatives include testing our systems to ensure that we will be ready when customers bring us business.

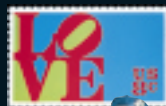
We are using technology to add value by creating an integrated information platform that will take us into the 21st century. A key component of that platform is what we call the information-rich mail stream. The Postal Service already uses automation—including sophisticated sorting equipment and handwriting recognition technology—to process mail more efficiently and accurately. We put two

barcodes on all uncoded letter mail, one of which is a fluorescent ID tag. Today, the information stored in this ID tag is used to facilitate mail sorting. In the future, it will be used to identify, track, and trace all classes of mail, giving us real-time information about the mail stream.

This new information platform will allow us to pinpoint and solve problems, implement improvements, and manage more effectively. It will give our operational managers real-time information on volumes and mail flow, allowing them to better use resources and assets available to them. In addition, it will enable our commercial customers to track the location of such mail as invoices, bill payments, direct mail, and catalogs—a service many have requested to help them manage their businesses.



**1963**  
ZIP Code introduced



**1970**  
Experimental Express Mail introduced



**1974**  
First self-adhesive stamp introduced



**1991**  
Wide area barcode readers introduced

**1955**  
First certified mail

**1968**  
Priority Mail begins



**1971**  
U.S. Postal Service established

**1982**  
Automation begins with installation of optical character readers

**1983**  
End of federal subsidy through taxpayer dollars

**1990**  
Stamp sales through automated teller machines introduced

**1998**  
PC Postage unveiled and enters beta testing

